



**Presentation to
House County Affairs Committee on Texas
Healthcare Transformation Waiver and Quality
Improvement Waiver Update**

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September 18, 2012

Presentation Overview

- Healthcare Transformation Waiver Overview
- Waiver Status
- Regional Healthcare Partnership 3 (Harris and surrounding counties)

Transformation Waiver Overview

- Managed care expansion
 - Allows statewide Medicaid managed care services
 - Includes legislatively mandated pharmacy carve-in and dental managed care
- Hospital financing component
 - Preserves upper payment limit (UPL) hospital federal funding under a new methodology
 - Creates Regional Healthcare Partnerships (RHPs)
- Five Year Waiver 2011 – 2016

UC and DSRIP

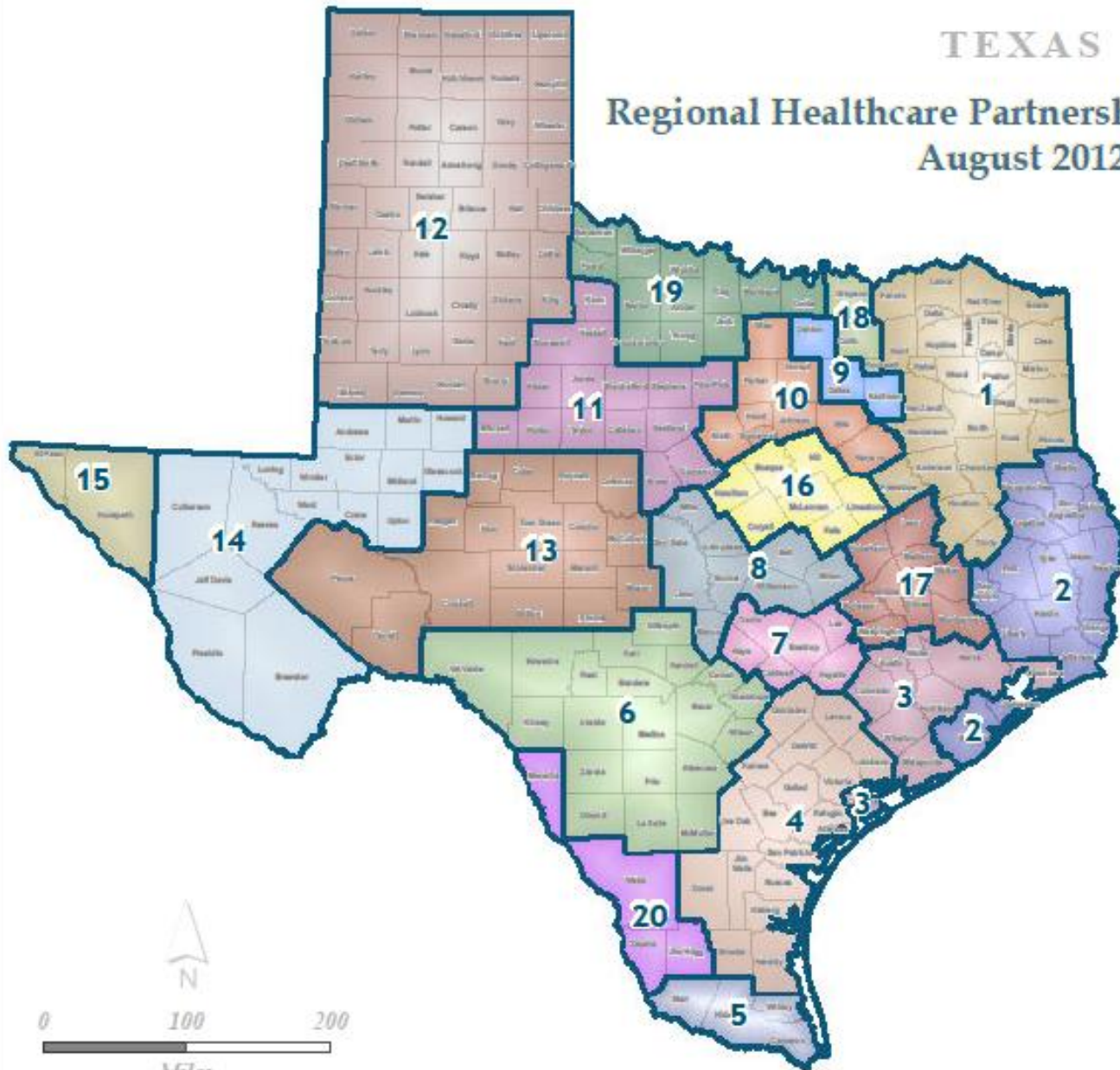
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- Under the waiver, historic UPL funds and new funds are distributed to hospitals and other providers through two pools:
 - **Uncompensated Care (UC) Pool**
 - Replaces UPL under a new methodology, and includes new services
 - Costs for care provided to individuals who have no third party coverage for hospital and other services and Medicaid underpayment
 - **Delivery System Reform Incentive Payments (DSRIP) Pool**
 - New program to support coordinated care and quality improvements through Regional Healthcare Partnerships (RHPs) to transform care delivery systems

Regional Healthcare Partnerships

- Beginning October 1, 2012, to participate in DSRIP and UC, hospitals and other providers must participate in a Regional Healthcare Partnership (RHP).
- In May 2012, HHSC established 20 RHPs:
 - Each RHP is anchored by a public hospital or other public entity.
 - Each RHP will submit an RHP Plan by October 31, 2012, that outlines priority community needs and DSRIP projects to improve regional health care delivery.

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Regional Healthcare Partnership (RHP) Regions August 2012



Map Prepared by: Strategic Decision Support Department,
Texas Health and Human Services Commission,
August 7, 2012

RHP Plan Expectations

- HHSC and the Centers for Medicare & Medicaid Services (CMS) must approve each RHP Plan.
- CMS expectations:
 - Planning process that demonstrates regional collaboration.
 - Projects that address community needs and are the most transformative for the region.
 - Projects that demonstrate outcomes by the end of the waiver (September 30, 2016).

UC Payment Status

- The UC applications for hospital and physician practice plan services to document their UC costs received CMS approval in July 2012.
- HHSC posted pre-populated UC applications on its website in mid-September 2012.
 - Hospitals and physician practice plans have 30 days to complete and return to HHSC.
- UC payments for demonstration year (DY) 1 are scheduled for disbursement in January 2013.

UC Payment Status

- Some hospitals will receive advance UC payments for Demonstration Year 1 in October or November 2012:
 - Hospitals that received Disproportionate Share Hospital (DSH) program payments in 2012
 - Hospitals currently receiving waiver transition payments
- Each hospital's advanced payment will be reconciled when the UC application is submitted.
- If the UC application does not support the advanced payment paid to the hospital, excess funds will be recouped.

RHP Plans: Two Key Protocols

- Two protocols serve as the basis for Regional Healthcare Partnership (RHP) Plan development and Delivery System Reform Incentive Payment (DSRIP) funding.
 - Program Funding and Mechanics (PFM) Protocol
 - Approved by CMS on August 31, 2012
 - RHP Planning Protocol (DSRIP Menu)
 - Final approval by CMS expected in September 2012

RHP Plans: Two Key Protocols

- The Program Funding and Mechanics (PFM) Protocol outlines:
 - minimum number of DSRIP projects per RHP
 - requirements for each DSRIP performing provider
 - organization of the RHP Plan
 - funding allocations between and within RHPs
 - maximum project valuation
 - plan review process
 - required reporting
 - plan modifications

RHP Plans: Two Key Protocols

- The RHP Planning protocol outlines the menu of projects eligible for DSRIP funds
 - Category 1 – Infrastructure Development - Lays the foundation for the delivery system through investments in people, places, processes and technology. Pay for performance.
 - Category 2 – Program Innovation and Redesign - Pilots, tests and replicates innovative care models. Pay for performance.
 - Category 3 – Quality Improvements - Healthcare delivery outcomes improvement targets tied to Category 1 and 2 projects. Pay for outcomes.
 - Category 4 – Population-Based Improvements - Requires all RHPs to report on the same measures. Pay for reporting.

RHP Plans: Status and Next Steps

- HHSC held a RHP summit in Austin on August 7-8, 2012, where technical assistance and protocol updates were provided to RHPs.
- HHSC is awaiting CMS approval of the RHP Planning Protocol (DSRIP menu).
- HHSC will continue to provide assistance to help RHPs submit their plans by October 31, 2012, with:
 - Protocol training
 - Final RHP plan template
 - Electronic PFM protocol workbook
 - Bi-weekly anchor calls

Regional Healthcare Partnership 3

- Nine counties: Austin, Calhoun, Chambers, Colorado, Fort Bend, Harris, Matagorda, Waller, and Wharton.
- Largest RHP with about 20% of Texas' low-income population.
- Anchored by Harris County Hospital District.
- DSRIP allocation of about \$2.3 billion (all funds) over five years.

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- DSRIP Requirements for RHP 3:
 - Must have at least 20 Category 1 and 2 projects (at least 10 in Category 2).
 - Category 1 - Infrastructure development
 - Category 2 – Program innovation and redesign
 - To access all available DSRIP funds at least five major safety net hospitals must perform DSRIP projects.
 - To access all available DSRIP funds at least 30% of the private hospital DSRIP allocation must be funded (about \$275 million all funds over four years).

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- Broad RHP participation by hospitals, counties and non-hospital providers (e.g. community mental health centers and academic health science centers)
 - Examples of proposed projects:
 - Primary care expansions (new locations & hours)
 - Behavioral health expansions and patient care models
 - Telemedicine options for specialty care & behavioral health
 - Crisis stabilization unit and dental clinic expansions
 - Workforce expansion through medical education
 - Chronic Care management models (diabetes, COPD, CHF)

RHP 3 Timeline

- September 27, 2012 – Draft plans due to anchor
- September 28, 2012 – Public hearing
- October 5, 2012 – Final plans due to anchor (with funding identified)
- October 19, 2012 – RHP plan submission to HHSC